

GATX

RECORDATION NO. 13225 FILED 1255

GATX LEASING CORPORATION

400 PARK AVENUE
NEW YORK, NY 10022
212-758-5200

AUG 24 1981 - 10 10 AM

August 24, 1981

INTERSTATE COMMERCE COMMISSION

1-236A020

No. AUG 24 1981
DateFee \$ 50.00

ICC Washington, D. C.

No.

~~Date 236A020~~

Fee \$

~~ICC Washington, D. C.~~Mrs. Agatha L. Mergenovich
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mrs. Mergenovich:

New Number

On behalf of GATX Leasing Corporation, I submit for filing and recording under 49 U.S.C. Section 11303(a) the enclosed executed counterparts of a Lease of Railroad Equipment (the "Lease").

The parties to the Lease are:

Lessor: GATX Leasing Corporation

Address: Four Embarcadero Center
San Francisco, California 94111

Lessee: Bangor and Aroostook Railroad
Company

Address: Northern Maine Jct. Pk.
Bangor, Maine 04401

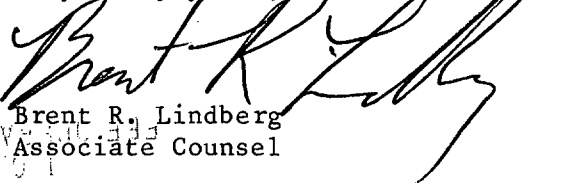
Counterpart - D-10

The Lease provides that the Lessor will lease to the Lessee and the Lessee will lease from the Lessor seventy-five (75) Berwick 70-ton box-cars. Such equipment is more fully described in Section 1 of Exhibit A attached to the Lease.

A check for \$50.00, in payment of the recording fee, is enclosed.

Once filing has been made please return to the bearer the stamped counterparts not required for filing purposes, together with the fee receipt and the letter from the Interstate Commerce Commission acknowledging filing.

Very truly yours,


Brent R. Lindberg
Associate CounselBRL/gls
EnclosuresBy Hand

AUG 24 10 05 AM '81

RECEIVED

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Brent R. Lindberg
GATX Leasing Corporation
400 Park Avenue
New York, N. Y. 10022

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8/24/81 at 10:10AM, and assigned re-
recording number(s). 13225, & 13226

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

AUG 24 1981 - 10 10 AM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1981

BETWEEN

GATX LEASING CORPORATION,
as Lessor

AND

BANGOR AND AROOSTOOK RAILROAD COMPANY,
as Lessee

Covering 75 70-ton Berwick Boxcars

LEASE OF RAILROAD EQUIPMENT

LEASE OF RAILROAD EQUIPMENT, dated as of August 1, 1981 (this "Lease"), between GATX Leasing Corporation, a Delaware corporation having its principal office at Four Embarcadero Center, San Francisco, California 94111 ("Lessor"), and the Bangor and Aroostook Railroad Company, a Maine corporation having its principal office at Northern Maine Jct. Pk., Bangor, Maine 04401 ("Lessee").

SECTION 1

DEFINITIONS

For all purposes of this Lease, the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

"Acceptance Supplement" shall mean a certificate substantially in the form of Exhibit B attached hereto, evidencing the acceptance of a Unit by Lessee pursuant to Section 3 hereof.

"Code" shall mean the Internal Revenue Code of 1954, as amended, or any comparable successor law.

"Delivery Date" shall mean a date not later than December 31, 1981 on which one or more Units are delivered to and accepted by Lessee pursuant to Section 3 hereof.

"Event of Default" shall have the meaning specified in Section 16 hereof.

"IRS" shall mean the United States Internal Revenue Service and any successor thereto.

"Lessor's Cost" shall mean and be equal to the aggregate amount of the manufacturers' invoices, including sales taxes, if any, paid by Lessor in connection with the acquisition of one, several or all of the Units, as context shall require. Lessor's Cost of all of the Units shall not exceed \$3,080,000 without Lessor's prior written consent.

"Officer's Certificate" shall mean a certificate signed in the name of Lessee by its President, one of its Vice Presidents, its Treasurer or its Clerk.

"Permitted Liens" shall mean (i) liens for taxes, assessments and other federal, state or local governmental charges and levies either not yet due and delinquent or not yet subject to penalty for non-payment and (ii) undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of Lessee's business and not delinquent.

"Prime Rate" shall mean the lowest interest rate publicly announced as being available to responsible and substantial corporate borrowers

San Francisco, California, or its successor, as such rate may change from time to time.

"Schedule" shall mean the Schedule attached hereto as Exhibit A and by this reference made a part hereof, setting forth, among other things, a description of the Units and certain specific terms under which the Units are leased.

"Stipulated Loss Value" shall mean the value of a Unit at a particular time determined from the table set forth in Section 4 the Schedule.

"Unit" shall mean an item of equipment described in Section 1 of the Schedule.

SECTION 2

LEASE OF EQUIPMENT

2.1 In consideration of and subject to the terms and conditions of this Lease, Lessor agrees to purchase the Units and lease the same to Lessee, and Lessee agrees to lease the Units from Lessor.

2.2 The lease term for each Unit shall be as specified in Section 2 of the Schedule. If such term is extended, the word "term" as used in this Lease shall be deemed to refer to the term as so extended and all provisions of this Lease shall, except as provided herein, apply during and until the expiration of such extended term.

2.3 Except as expressly provided herein, this Lease may not be terminated for any reason whatsoever. To the extent permitted by applicable law, Lessee hereby waives any right which it may now have or hereafter acquire to terminate or cancel this Lease or to surrender any of the Units.

SECTION 3

PROCUREMENT AND DELIVERY OF UNITS

3.1 Lessor hereby appoints Lessee as its agent to accept delivery of the Units, and Lessee hereby accepts its appointment and agrees to accept the Units on Lessor's behalf.

3.2 Upon accepting Units on Lessor's behalf, Lessee shall accept such Units on its own behalf by executing and delivering to Lessor an Acceptance Supplement identifying such Units and confirming the Lessor's Cost thereof; whereupon such Units shall (i) be deemed accepted by Lessee on the Delivery Date specified in such Acceptance Supplement and (ii) become subject to and governed by this Lease.

3.3 Lessor's obligation to purchase Units for lease to Lessee hereunder is subject to the satisfaction of the following conditions:

(a) On each Delivery Date, the representations and warranties contained in Section 6 hereof shall be true on and as of such Delivery

Date and there shall exist on such date no Event of Default or condition which, with notice or lapse of time or both, would become an Event of Default; and Lessor shall have received an Officer's Certificate, dated such Delivery Date, to such effects.

(b) On the date of execution and delivery hereof, Lessor shall have received a favorable opinion of legal counsel to Lessee, in form and substance satisfactory to Lessor, with respect to each of the matters referred to in Section 6 hereof and as to such other matters as Lessor may reasonably request.

(c) On the date of execution and delivery hereof, Lessor shall have received a copy, certified to its satisfaction, of the resolution(s), adopted by Lessee's board of directors, authorizing the execution and delivery hereof and the consummation of the transaction contemplated herein by Lessee.

(d) On the date of execution and delivery hereof, Lessor shall have received a copy of Lessee's purchase order(s) affecting the Units; Lessor and Lessee shall have executed and delivered an assignment of such purchase order(s) substantially in the form of Exhibit C attached hereto, and the manufacturer of the Units shall have consented thereto.

(e) On the date of execution and delivery hereof, Lessor shall have received evidence of the insurance coverage required by Section 10 hereof, to the extent Lessee elects not to self-insure as permitted by such section.

(f) Prior to the first Delivery Date, this Lease shall have been duly filed with and recorded by the Interstate Commerce Commission pursuant to 49 U.S.C. §11303.

(g) On or before each Delivery Date, Lessor shall have received a manufacturer's invoice, addressed to Lessor, with respect to the Units to be delivered and accepted hereunder on such date.

(h) On each Delivery Date, Lessor shall have received a bill of sale from the manufacturer of the Units to be delivered and accepted hereunder on such date (1) transferring title to such Units to Lessor, (2) warranting to Lessor that such manufacturer has good title to such Units, free and clear of all liens, charges and encumbrances and (3) covenanting to defend title to the Units against the demands of all persons.

(i) As of each Delivery Date, there shall not have occurred any material adverse change in the general affairs, management, financial condition or results of operations of Lessee and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, since the date first above written; and Lessor shall have received an Officer's Certificate, dated such Delivery Date, to such effect.

(j) On or before each Delivery Date, Lessor shall have received all other documents and Lessee shall have performed all other acts as Lessor shall have reasonably requested.

SECTION 4

RENTAL PAYMENTS

4.1 Lessee agrees to pay Lessor rent on each Unit. Such rent shall be paid at the times set forth in, and in the amounts computed in accordance with, Section 3 of the Schedule. If any rental payment date referred to in the Schedule is a day other than a business day, i.e. a Saturday, Sunday or other day on which banking institutions located in the city in which Lessor's or Lessee's principal place of business is located are authorized or obligated to remain closed, the rent otherwise payable on such date shall be payable on the next succeeding business day. Lessee's obligation to pay rent and all other amounts payable under this Lease shall be absolute and unconditional and shall not be affected by, and such payment, except as specifically permitted herein, shall be made without abatement, suspension, deferment or diminution by reason of any circumstance or occurrence whatsoever including, without limitation, any offset, counterclaim, recoupment, defense or other right which Lessee may now or hereafter have against Lessor or any legal person controlled by it, in control of it, or under common control with it, directly or indirectly, or any assignee of Lessor; provided, however, that Lessee may otherwise enforce any rights it may have against Lessor.

4.2 Except as provided in Section 20 hereof, all payments made by Lessee to Lessor under this Lease shall be made to Lessor at its address set forth in or provided pursuant to Section 23.2 hereof. All amounts payable to Lessor shall be deemed paid when received by Lessor at such address. On any installment of rent or other amount payable by Lessee hereunder which is overdue Lessee shall pay interest at a rate equal to the greater of 10% per annum or the Prime Rate plus 3% per annum, but in no event greater than the maximum rate permitted by applicable law. Interest shall be computed on the basis of a 360-day year for the actual number of days any such amount is unpaid. All payments under this Lease shall be made in lawful money of the United States of America in immediately available funds.

4.3 Lessee acknowledges that any invoices for payments due under this Lease sent to Lessee by Lessor shall be for Lessee's convenience only. Lessee's nonreceipt of an invoice shall not relieve Lessee of its obligation to make any payable hereunder on the due date thereof.

SECTION 5

REPRESENTATIONS AND WARRANTIES OF LESSOR

5.1 Lessor represents and warrants that it has the lawful right to purchase the Units and lease the same to Lessee in accordance with the

terms hereof.

5.2 THE WARRANTY SET FORTH IN SECTION 5.1 HEREOF IS EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES OF LESSOR WHETHER WRITTEN, ORAL OR IMPLIED, AND LESSOR SHALL NOT BY VIRTUE OF HAVING LEASED THE UNITS UNDER THIS LEASE BE DEEMED TO HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY. LESSEE ACKNOWLEDGES AND AGREES THAT: (1) LESSOR IS NOT A MANUFACTURER OF OR A DEALER IN PROPERTY OF SUCH KIND AS THE UNITS; (2) LESSOR HAS NOT MADE, AND DOES NOT HEREBY MAKE, ANY REPRESENTATION, WARRANTY OR COVENANT WITH RESPECT TO THE MERCHANTABILITY, CONDITION, QUALITY OR DURABILITY OF THE UNITS, THEIR SUITABILITY FOR THE PURPOSES AND USES OF LESSEE, OR ANY OTHER REPRESENTATION, WARRANTY OR COVENANT OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE UNITS; AND (3) LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LIABILITY, CLAIM, LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED, DIRECTLY OR INDIRECTLY, BY ANY UNIT OR ANY INADEQUACY THEREOF FOR ANY PURPOSE, ANY DEFICIENCY OR DEFECT THEREIN, THE USE OR MAINTENANCE THEREOF, ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO, OR ANY INTERRUPTION OR LOSS OF SERVICE OR USE THEREOF, OR ANY LOSS OF BUSINESS OR FOR ANY DAMAGE WHATSOEVER OR HOWSOEVER CAUSED, as all such risks are to be borne by Lessee. Lessor makes no representation as to the treatment of this Lease, the Units or the rent for financial reporting or tax purposes.

5.3 Nothing contained in this Lease shall be deemed to limit the Lessee from availing itself of any warranty, covenant or representation of the manufacturer of the Units or of any component part thereof, and all claims and causes of action which Lessor may have against such manufacturers in connection with any Unit, to the extent assignable, are hereby assigned by Lessor to Lessee, and Lessor shall permit Lessee to prosecute any such claim or cause of action, at Lessee's sole expense; provided, however, that (a) no lawsuit shall be instituted in Lessor's name without the prior written consent of Lessor, (b) Lessee shall not seek termination or rescission of this Lease or revocation of its acceptance of any Unit as a remedy or relief in such lawsuit and (c) upon the occurrence of an Event of Default, all such rights shall immediately revert to Lessor.

SECTION 6

REPRESENTATIONS AND WARRANTIES OF LESSEE

Lessee represents and warrants that:

6.1 Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified and authorized to do business wherever the nature of its activities or properties requires such qualification and authorization.

6.2 Lessee has the full power, authority and legal right to execute and deliver this Lease and to perform the terms hereof. The execution and delivery hereof have been duly authorized by all necessary corporate action, and this Lease constitutes a valid and binding obligation

of Lessee enforceable in accordance with its terms.

6.3 Neither the execution and delivery of this Lease nor the performance of the terms hereof by Lessee will contravene any law, regulation, judgment, order or permit affecting Lessee or result in any breach of, or constitute an event of default under, any contract or agreement, corporate charter or by-law or other instrument to which Lessee or any of its properties may be bound or affected.

6.4 No consent of the trustee or holder of any indebtedness of Lessee is a condition to the performance of the terms hereof by Lessee or the validity of this Lease.

6.5 No filing with, or approval by, any governmental agency or commission is a condition to the performance of the terms hereof by Lessee or to the validity of this Lease.

6.6 There is no action or proceeding pending or, insofar as Lessee knows, threatened against Lessee or any of its subsidiaries before any court or administrative agency which might have a materially adverse effect on the business, condition or operations of Lessee.

6.7 There is no person, partnership, corporation or governmental agency who or which is entitled to a lien, other than a Permitted Lien, on any Unit.

SECTION 7

POSSESSION AND USE OF UNITS

7.1 At all times during the term of this Lease, title to the Units shall be vested in Lessor to the exclusion of Lessee, and the delivery of the Units to Lessee and Lessee's possession thereof shall constitute a letting and bailment for hire only.

7.2 Unless an Event of Default shall have occurred and be continuing, Lessee shall be entitled to use the Units in accordance with the terms of this Lease in the ordinary course of its regular business.

7.3 Lessee shall not sublease or attempt to sublease any of the Units or assign or transfer or attempt to assign or transfer, by operation of law or otherwise, this Lease or any of Lessee's rights or interests herein or obligations hereunder without Lessor's prior written consent, and any sublease, assignment or transfer consummated without such consent shall be null and void.

7.4 Except for Permitted Liens, Lessee shall not directly or indirectly, create or incur or suffer to be created or incurred or to exist any lien, charge or encumbrance of any kind on any Unit or on any of its rights under this Lease, and if any such lien, charge or encumbrance shall come to exist, Lessee, at its sole cost and expense, shall promptly remove the same.

7.5 Lessee shall not permit any of the Units to be used in such

a manner that it may be deemed "property used predmoninantly outside the United States" within the meaning of Section 168(f)(2)(D) of the Code.

7.6 Lessee shall not use or permit any Unit to be used in an improper or unsafe manner and Lessee shall comply with all laws of the jurisdictions into which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads (or any successor thereto), and with all rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that prior to the expiration of the term of this Lease or any renewal thereof, such laws or rules require the alteration of any Unit, the replacement of any part thereof or the affixing of any accessory thereto, the Lessee shall conform therewith, at its own expense, and title to any such replacement or accessories shall immediately vest in Lessor; provided, however, that Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect Lessor.

7.7 As long as a Unit is subject to the provisions of this Lease, Lessee shall cause such Unit to be kept numbered with a road number set forth in the Schedule or a substituted road number as provided below in this Section 7.7, and shall keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the words "GATX LEASING CORPORATION OWNER-LESSOR" or other appropriate words designated by Lessor or any assignee thereof, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to, and any such assignee's interest in, such Unit. Lessee shall not place any such Unit in operation or exercise any control or dominion over the same under this Lease until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. Lessee will not change the road number of any Unit unless and until a statement of the new number to be substituted therefor shall have been given to Lessor and filed with and recorded by the Interstate Commerce Commission.

SECTION 8

MAINTENANCE AND OPERATION OF UNITS

8.1 Lessee, at its own expense, shall maintain and keep each Unit (including any accessories installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) in good operating order, repair and condition, eligible for interchange under the rules of the American Association of Railroads (or any successor thereto) and in compliance with all applicable rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units.

8.2 Lessee, at its own cost and expense, shall replace any part of any Unit where necessary in accordance with a prudent operation and maintenance program. Replacement parts may be of new manufacture or rebuilt, but, in any event, shall be in good operating order.

8.3 Lessee shall pay for any and all materials and other supplies consumed by or required for the operation of the Units.

SECTION 9

ACCESSORIES AND ALTERATIONS

9.1 Lessee may, at its discretion and expense, affix any insubstantial accessory to, or make any insubstantial alteration in, any Unit. Except as may be required by Section 7.6 hereof, Lessee shall not, without the prior written consent of Lessor, affix any substantial accessory to, or make any substantial alteration in, any Unit.

9.2 An accessory or improvement shall be deemed "substantial" if (a) it increases the productivity or capacity of the affected Unit by more than 25%, (b) materially affects the function, use or value of the affected Unit, or (c) unless an accessory not deemed an accession pursuant to Section 9.3 hereof, the cost of the accessory or improvement when added to the cost of all previously affixed accessories so deemed accessions and all prior alterations exceeds 10% of the Lessor's Cost of the affected Unit.

9.3 Any part or accessory installed in or affixed to any Unit by Lessee in accordance with the provisions hereof, other than an accessory the affixing of which is permitted by the first sentence of Section 9.1 hereof and which may be readily removed without risk of material damage to the related Unit, shall be deemed an accession to such Unit. Title to all accessions shall immediately vest in Lessor, without cost or expense to Lessor, and such accessions shall be subject to all of the terms and provisions of this Lease as completely and to the same extent as if they had been components of said Unit at the time it originally became subject to this Lease; provided, however, that title to accessories and parts which shall have been replaced by such accessions shall be vested in Lessee when such replacement has been completed in accordance herewith. The removal of accessories not deemed accessions shall be accomplished by Lessee, at its sole expense, prior to the return of the related Unit(s).

9.4 Lessor shall bear no liability whatever for the cost of any alteration made to any Unit by Lessee during the term hereof.

SECTION 10

INSURANCE

10.1 Lessee shall, at its own cost, maintain in effect throughout the term hereof and during any storage period thereafter, with financially sound and reputable insurers having Best's ratings at least as good as Lessee's present insurers, "all risk" insurance, in form and

substance satisfactory to Lessor, insuring against loss or damage to the Units in an amount equal to the greater of the amount set forth in the interchange rules of the Association of American Railroads (or any successor organization having responsibility for matters pertaining to the interchange of freight traffic) as being applicable to the loss of the Units (the "AAR Value") or the Stipulated Loss Value of the Units. Such insurance shall not provide for a deductible or a self-insured exposure in excess of the amount set forth in Section 5 of the Schedule; provided, however, Lessee, at its option, may in good faith self-insure the Units in a manner consistent with Lessee's practice for self-insuring other railroad rolling stock owned or operated by it.

10.2 Lessee shall, at its own cost, maintain in effect throughout the term hereof and during any storage period thereafter, with financially sound and reputable insurers having Best's ratings at least as good as Lessee's present insurers, comprehensive general public liability insurance with respect to the Units, in form and substance satisfactory to Lessor, insuring against loss or damage to the persons and property of others in amounts which shall be, not less than those set forth in Section 5 of the Schedule; provided, however, Lessee, at its option, may in good faith self-insure the aforementioned risks with respect to the Units in a manner consistent with industry practice and Lessee's practice for self-insuring such risks with respect to other railroad rolling stock owned or operated by it.

10.3 All insurance policies carried in accordance with this Section 10 shall name Lessor and its successors and assigns as additional insureds or loss payees or both, as appropriate, and insure their interests regardless of any breach or violation by Lessee of any representation, warranty or condition contained in such policies. Such insurance policies shall further provide that they shall not be invalidated by the use or operation of any Units for purposes or in a manner more hazardous than permitted by such policies, and that the insurer shall promptly advise Lessor, in writing, at least thirty days prior thereto, of the expiration, termination or suspension of, or any material change in, the coverage of any such policy. No such termination, expiration or change shall be effective until thirty days after such notice is given.

10.4 Not less than ten days prior to the expiration date of each expiring policy of insurance evidence of which has been delivered to Lessor pursuant to Section 3.3 hereof or this Section 10.4, Lessee shall deliver to Lessor certificates of insurance issued by the insurers or their duly authorized agents demonstrating that Lessee is in compliance with the provisions of this Section 10; provided, however, that, if the delivery of any certificate shall be delayed, Lessee shall deliver an executed binder with respect thereto and shall deliver the certificate, promptly after its receipt thereof. Lessee shall deliver to Lessor from

time to time, upon Lessor's request, an Officer's Certificate certifying payment of all premiums then due for the policies required by this Section 10.

10.5 Lessor may, at its option, place insurance on the Units at its own cost for its sole benefit with respect to risks of any kind insurable by Lessor. Without limiting the foregoing, Lessor may, at its own expense, insure the Units against loss under Lessee's then current policies for such amount in excess of the greater of the AAR Value or the Stipulated Loss Value of the Units as is then available under such policies, and the full amount of any proceeds or award in respect of such additional insurance shall be paid to Lessor. Lessee agrees that it shall cooperate with Lessor in any reasonable manner to enable Lessor to obtain such additional insurance.

SECTION 11

LOSS, DAMAGE, DESTRUCTION AND SEIZURE

11.1 Lessee shall bear the risk of the Units being lost, stolen, destroyed, damaged or seized by governmental authority for any reason whatsoever at any time during the term of this Lease or the storage period thereafter. If any Unit shall be lost, destroyed, damaged or seized by governmental authority for any reason whatsoever during such term or period, Lessor and Lessee shall proceed diligently and cooperate fully to recover any and all insurance proceeds or condemnation awards or both.

11.2 If during the term of this Lease or the storage period thereafter any Unit is lost, stolen, destroyed, irreparably damaged or seized by governmental authority for a period equal to at least the remainder of the term of this Lease, Lessor shall receive, on or before the rental payment date (within the meaning of Section 4 of the Schedule) next succeeding such loss, destruction, irreparable damage or governmental seizure: (a) all accrued and unpaid rent in respect of such Unit, if any; (b) the greater of the AAR Value or the Stipulated Loss Value of such Unit, determined as of such rental payment date; (c) all other sums, if any, that shall have become due and payable by Lessee to Lessor under this Lease; and (d) interest on the foregoing at the rate set forth in Section 4.2 hereof from the due date(s) of such payment(s) to the date of payment.

On receipt by Lessor of the amount specified hereinabove with respect to each such Unit so lost, stolen, destroyed, damaged or seized, this Lease shall be deemed terminated as to such Unit and rent in respect of such Unit shall be deemed abated, as of the rental payment date next succeeding such loss, theft, damage, destruction or seizure. If Lessor shall have received the greater of the AAR Value or the Stipulated Loss Value with respect to a Unit from Lessee, rather than from the proceeds of insurance obtained pursuant to Section 10.1 hereof, an award paid by a seizing governmental authority or some other source, Lessee shall be entitled to receive therefrom only an amount equal to the greater of the AAR Value or the Stipulated Loss Value, and the excess, if any, of the total proceeds relating to such loss, theft,

damage, destruction or seizure shall be receivable by Lessor. If Lessor shall have received the greater of the AAR Value or the Stipulated Loss Value with respect to a Unit from the proceeds of insurance obtained pursuant to Section 10.1 hereof, an award paid by a seizing governmental authority or some other source, rather than from Lessee, Lessee shall not be entitled to receive any part of the proceeds relating to such loss, theft, damage, destruction or seizure. Any proceeds of insurance obtained by Lessor pursuant to Section 10.5 hereof received by Lessee shall be paid to Lessor promptly upon their receipt by Lessee.

11.3 Any proceeds of insurance obtained pursuant to Section 10.1 hereof received by Lessor with respect to any Unit the repair of which is practical shall, at the election of Lessee, be applied either to the repair of such Unit or, upon Lessor's receipt of evidence of the repair of the Unit satisfactory to Lessor, to the reimbursement of Lessee for the cost of such repair.

11.4 If during the term of this Lease any Unit is seized by a governmental authority for a period less than the then unexpired term of this Lease, this Lease shall continue in full force and effect as if such taking had not occurred and rent hereunder shall not be diminished or abated. Lessee shall be entitled to receive and retain any award paid by the seizing governmental authority as compensation for the interruption of Lessee's leasehold interest in such Unit.

SECTION 12

INDEMNIFICATION, RELEASE AND WAIVER

12.1 Lessee shall indemnify, reimburse and hold Lessor and its successors, assigns, agents and employees harmless from and against all liabilities (including, but not limited to, strict liability in tort), claims, costs and expenses (including attorneys' fees), fines, penalties (and other charges of applicable governmental authorities), damage to property (including, but not limited to, consequential damages or damages to Lessee's property), loss of use of property (including, but not limited, any Unit) or injury to or death of persons (including but not limited to agents and employees of Lessee) directly or indirectly resulting from the use, ownership, operation, control, storage or condition of any Unit during the term hereof or from any defect (latent or patent) in any Unit arising from any maintenance, service, repair or testing of any Unit during the term hereof, regardless of whether such Unit is at the time in the possession of Lessee.

12.2 Lessee shall indemnify, reimburse and hold Lessor and its successors, assigns, agents and employees harmless from and against any and all liabilities, claims, costs and expenses (including royalty payments and attorneys' fees), fines, and penalties (and other charges of applicable governmental authorities) the use during operation of a Unit during the term hereof of any design, article or material therein or relating thereto, whether because of infringement of any patent or other right, regardless of whether such Unit is at the time in the possession of Lessee.

12.3 Lessee shall assume and conduct promptly and diligently, at its sole cost and expense, the entire defense of Lessor and its agents, employees, successors and assigns against any claim set forth in Section 12.1 or 12.2 hereof.

SECTION 13

TAXES OTHER THAN INCOME TAXES

All payments to be made by Lessee to Lessor hereunder or otherwise in connection with the transactions contemplated herein shall be free of, and Lessee shall pay, any tax, exaction, fee, assessment, charge, fine, penalty, or interest thereon levied or imposed in connection with or measured by the ownership, sale, rental, use, operation, possession, shipment or delivery of, payment for, or transfer of title to, any Unit or on the earnings arising therefrom, including, but not limited to, any business and occupation tax, gross receipts tax, retail sales or use tax or property tax (all of which are hereinafter called "impositions") whether such impositions be assessed against Lessor, Lessee or the manufacturer of the Units. Lessee shall not be liable for (a) any federal income tax liability of Lessor, (b) state and local taxes measured by net income realized by Lessor (excluding any such tax which would be in substitution for or relieve Lessee from the payment of impositions which it would otherwise be obligated to pay or reimburse Lessor for as herein provided and excluding taxes on indemnity payments made pursuant to this Section 13) up to the amount of all state and local taxes measured by net income realized by Lessor which would be payable with respect to such net income to the state and locality in which Lessor has its principal place of business if the Units were located at the principal place of business of Lessor, or (c) any income tax liability of the manufacturer of the Units.

Lessee shall at all times keep each and every part of the Units free and clear of all impositions which might in any way affect the title of Lessor thereto or result in a lien, other than a Permitted Lien, thereupon; provided, however, that Lessee shall not be required to pay an imposition so long as (i) it is contesting such imposition in good faith by appropriate legal proceedings (which proceedings, if instituted, shall be conducted at Lessee's expense and with the prior written consent of Lessor), and (ii) the nonpayment thereof does not, in the opinion of Lessor, create a risk of adversely affecting the title, property or rights of Lessor hereunder.

Lessee shall pay such impositions as are assessed or billed to Lessee, and Lessee, at its own expense, shall file all returns and other documents and take all such other actions as are required in connection therewith. Upon Lessor's request, Lessee shall provide Lessor with written evidence of the payment of such impositions and copies of all such returns and other documents. If impositions are assessed or billed to Lessor, Lessee shall promptly pay such impositions as provided in the preceding sentence. If Lessee may not cause impositions billed or assessed to Lessor to be submitted to Lessor in care of Lessee or if Lessee may not directly make payment of impositions billed or assessed to Lessor, Lessee will promptly notify Lessor to such effect, and Les-

see shall reimburse or advance to Lessor, on demand, the amount of any impositions paid or to be paid by Lessor. Lessee is hereby authorized by Lessor to act as special agent and attorney-in-fact for and on behalf of Lessor for the limited purpose of complying with the requirements of any taxing authority with respect to impositions that are billed or assessed to Lessor, including, without limitation, the preparation, execution and filing of returns and prescribed forms and schedules. Except with respect to information furnished in writing by Lessor to Lessee expressly for inclusion therein, Lessee represents and warrants to Lessor that all documents filed in accordance with the preceding sentence and all information contained therein, shall be true, complete and correct, and, except with respect to information furnished in writing by Lessor to Lessee expressly for inclusion in any such document, Lessee shall be liable for all costs and expenses incurred by Lessor as a result of any incomplete or incorrect documents or information having been filed by Lessee with any taxing authority and shall indemnify and hold Lessor harmless from and against all such costs, expenses and damages. This authorization shall be self-executing (and no further instrument need be required by any taxing authority in confirmation hereof) and shall remain effective until terminated in writing by Lessor, the termination of this Lease or on the occurrence of an Event of Default, whichever shall occur first. If Lessee is not permitted by law to comply with any of the requirements of any taxing authority with respect to any imposition, Lessee shall immediately so notify Lessor and Lessee shall, at its own expense, supply such information and do such acts as shall be requested by Lessor to enable Lessor to comply with any requirement of any taxing authority. Lessor shall furnish Lessee all documents relating to any such imposition promptly after Lessor's receipt thereof.

SECTION 14

INCOME TAXES

14.1 It is the intent of the parties that this Lease be a true lease and that Lessor shall at all times be considered the owner and original user of the Units for purposes of all federal, state, and local income or franchise taxes measured by net income, and that this Lease conveys no right, title or interest in the Units to Lessee, except as lessee. Lessee represents, warrants and covenants that neither it nor any legal person controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any return or other document inconsistent with the foregoing and that each of such persons will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

The parties hereby elect to have the provisions of Section 168 (f)(8)(A) of the Code apply to this Lease.

Lessee represents, warrants and covenants that (a) at the time Lessor becomes the owner thereof, the Units will be "qualified lease property" within the meaning of Section 168(f)(8)(D)(ii) of the Code; (b) at no time during the term of this Lease will the Units be used "predominantly outside the United States" within the meaning of Section 168(f)(2)(D) of the Code; and (c) Lessee will maintain sufficient records to verify such use and will provide Lessor with written re-

ports documenting such use upon Lessor's request.

14.2 If, by reason of any act (other than one responsible, in whole or in part, for the loss, theft or irreparable damage of a Unit with respect to which Lessor shall have been paid the amounts required by Section 11.2 hereof), omission or misrepresentation of Lessee, Lessor shall lose, shall not have, shall lose the right to claim, shall suffer a disallowance of or shall be required to recapture, for purposes of computing its federal taxable income for any taxable year (or portion thereof) during which this Lease is in effect, all or any portion of depreciation deductions with respect to the full Lessor's Cost of a Unit computed on the basis of Section 168(b)(1)(A) over five years; and, for purposes of computing its liability to states, cities and other local authorities for taxes based upon net income, under the most accelerated method of depreciation allowed by any such state or local taxing authority on the date hereof (such depreciation deductions being herein referred to as the "Depreciation Deduction") or, for any reason, any amount received by Lessor hereunder or deduction attributable to the Units shall be treated as derived from, or allocable to, sources outside the United States, with the result that Lessor's federal income tax liability is increased thereby, then (A) the rent for the Units shall, on the rent payment date next succeeding Lessor's written notice to Lessee of Lessor's payment of any tax, interest or penalty (hereinafter called a "Tax Payment"), attributable to such an event (hereinafter called a "Loss"), be increased (any increase to be paid directly to Lessor) to such amount or amounts as shall, in the reasonable opinion of Lessor, after deduction of all fees, taxes or other charges required to be paid by Lessor in respect of the receipt of all amounts payable by Lessee to Lessor pursuant to this Section 14.2 under the laws of any federal, state or local government or taxing authority in the United States (hereinafter called "fees, taxes or other charges"), cause Lessor's after tax rate of return on investment, rate of recovery of investment and annual cash flows in respect of the Units to equal those which would have been realized by Lessor if such Loss had not occurred; or (B) if the Tax Payment attributable to such Loss is made after the final rent payment date hereunder, within 30 days after written notice by Lessor to Lessee of such payment by Lessor, Lessee shall pay to Lessor a lump sum which, in the reasonable opinion of Lessor, after the deduction of all fees, taxes or other charges, when added to the rent payments made pursuant to this Lease, will cause the Lessor's after tax rate of return on investment, rate of recovery of investment, and annual net cash flows in respect of the Units to equal those which would have been realized by Lessor if such Loss had not occurred.

14.3 If by reason of any act, omission or misrepresentation of Lessee, Lessor shall be required to include in its gross income with respect to the transactions contemplated by this Lease an amount other than (a) the rent payable in the amounts specified in Section 3 of the Schedule, (b) any additional rent or indemnity pursuant to Section 14.2 hereof or this Section 14.3, (c) a Stipulated Loss Value, late payment charge or other amount required to be paid under this Lease, or (d) an amount paid by Lessee to purchase the Units at the end of the term of this Lease, or shall be required to include any of the aforementioned

amounts in its gross income at any time other than when received or accrued by Lessor, depending upon Lessor's method of accounting; then (i) the rent for the Units shall, on the rent payment date next succeeding Lessor's written notice to Lessee of Lessor's payment of the Tax Payment attributable to such inclusion, be increased (any increase to be paid directly to Lessor) to such amount or amounts as shall, in the reasonable opinion of Lessor, after deduction of all fees, taxes or other charges required to be paid by Lessor in respect of the receipt of all amounts payable by Lessee to Lessor under this Section 14.3 under the laws of any federal, state or local government or taxing authority in the United States (hereinafter called "fees, taxes or other charges"), cause Lessor's after tax rate of return on investment, rate of recovery of investment, and annual net cash flows in respect of the Units to equal those which would have been realized by Lessor if Lessor had not been required to include such other amount in its gross income or had been permitted to include all of the aforementioned amounts in its gross income at the times payable hereunder; or (ii) if the Tax Payment attributable to such inclusion is made after the final rent payment date hereunder, within 30 days after written notice by Lessor to Lessee of such payment by Lessor, Lessee shall pay to Lessor such amount which, in the reasonable opinion of Lessor, after the deduction of all fees, taxes or other charges, when added to the rent payments made pursuant to this Lease, will cause Lessor's after tax rate of return on investment, rate of recovery of investment, and annual net cash flows in respect of the Units to equal those which would have been realized by Lessor if Lessor had not been required to include such other amount in its gross income or had been permitted to include all of the aforementioned amounts in its gross income at the times payable hereunder.

14.4 In the event the rent shall be adjusted as provided in Section 14.2 or Section 14.3 hereof, the Stipulated Loss Values set forth in the Schedule shall be adjusted accordingly.

14.5 If a written claim shall be made by the IRS or any state or local taxing authority, which, if successful, would result in either (a) a Loss or (b) the inclusion of an amount in Lessor's gross income, under circumstances which would require Lessee to pay increased rent or a lump sum to Lessor pursuant to Section 14.2 or Section 14.3 hereof, Lessor shall promptly notify Lessee of such claim. Provided that (i) within 45 days after Lessor's giving Lessee notice of such claim, Lessee shall have requested that such claim be contested, (ii) Lessee is not in default under any of its obligations under this Lease, (iii) Lessee shall have furnished Lessor with an opinion of independent tax counsel satisfactory to Lessor to the effect that a meritorious defense exists to such claim, and (iv) Lessee shall have agreed to indemnify Lessor, on an after-tax basis, for all liabilities and expenses which might arise out of Lessor's contesting such claim, including, without limitation (A) attorneys', accountants' and investigators' fees and disbursements and (B) the amount of any interest or penalty which may ultimately be payable as a result of contesting such claim; Lessor shall contest such claim in any manner Lessor shall, in good faith, deem appropriate.

At Lessor's option, the action to be taken may be commenced before

or after Lessor's making payment of a Tax Payment. If Lessor sues for a refund after making a Tax Payment, and if the Final Determination (as hereinafter defined) shall be in favor of Lessor, no future payments shall be due hereunder in respect of such matter (or an appropriate reduction shall be made therein if the Final Determination is partly in favor of and partly adverse to Lessor). In addition, Lessor shall pay to Lessee (a) an amount equal to the sum or sums theretofore paid by Lessee to Lessor in respect of the Tax Payment (or a proportionate part thereof if the Final Determination, is partly adverse to Lessor) on or before the rent payment next succeeding the Final Determination, together with interest thereon at the interest rate currently paid on tax overpayments by the relevant taxing authority, for the period from the date such sums were paid to Lessor to the date Lessor pays to Lessee an amount equal to such sums, and (b) the amount of any penalty or interest refunded to Lessor as a result of such Final Determination together with any interest thereon paid to Lessor by the relevant taxing authority; and Lessee shall pay to Lessor an amount equal to interest, at the rate set forth in Section 4.2 hereof, on the amount of the tax refund made in respect of the Tax Payment (excluding any interest or penalty included therein) for the period from the date of the original payment of the Tax Payment by Lessor to the date such tax refund is received by Lessor. If any claim referred to above shall be made and Lessee shall have requested Lessor to contest such claim as above provided and shall have duly complied with all of the terms of this Section 14.5, Lessor may, notwithstanding the foregoing, elect not to contest any such claim despite the request of Lessee, made in accordance with the terms of this paragraph, or to discontinue any proceedings previously commenced as a consequence of such request, and thereupon, unless such discontinuance shall occur after a conference with the Appellate Office of the IRS or a more advanced proceeding, Lessee shall be relieved of all liability to indemnify Lessor with respect to such claim. If such discontinuance follows such a conference or a more advanced proceeding, Lessee shall be relieved of 50% of its liability to indemnify Lessor with respect to such claim. If Lessee does not request Lessor to contest a claim, then Lessee's liability under Section 14.2 or 14.3 hereof, as the case may be, shall become fixed when Lessee receives notice of Lessor's making the related Tax Payment.

"Final Determination" for the purpose of the preceding paragraph, means a final decision of a court of competent jurisdiction after all allowable appeals have been exhausted by either party to the action. Neither concession by Lessor of any of the aforementioned claims in the overall settlement of a controversy either at the administrative level or at the judicial level nor the failure to recover a refund in whole or in part with respect to such claims when failure is the result of a setoff against a claim for refund based upon claims will constitute an adverse Final Determination causing the aforementioned additional payments to accrue to Lessor, unless such overall settlement or setoff of a tax controversy is approved by Lessee in a separate agreement.

14.6 Lessor shall elect to treat Lessee as having acquired the Units for purposes of Lessee's claiming any investment tax credit presently allowed by Sections 38 and 46 through 50 of the Code. Lessor shall not make use or take advantage of such credit. Lessor makes no

representation or warranty as to either Lessor's or Lessee's right to claim such credit with respect to any Unit, and Lessee shall have no claim against Lessor by reason of Lessee being denied such credit. Lessor agrees to timely execute and deliver to Lessee a statement signed by an officer of Lessor, substantially in the form attached to this Lease as Exhibit D, to effectuate the intent of this Section 14.6.

14.7 For purposes of this Section 14, the term "Lessor" shall mean and include the affiliated group of corporations and each member thereof, within the meaning of Section 1504 of the Code, of which Lessor is a member, if such group is filing a consolidated United States Federal income tax return, and it shall also mean any consolidated or combined group of corporations of which Lessor is a member which is treated as such for state franchise tax purposes.

SECTION 15

DEFAULTS AND REMEDIES

15.1 Upon the occurrence, during the term of this Lease, of one or more of the following events (herein called "Events of Default"):

(a) Lessee shall fail or be unable to make any rental or other payment required hereby in full when due;

(b) Lessee shall fail or be unable to procure or maintain any insurance coverage required hereby;

(c) Lessee shall fail or be unable to observe or perform any covenant, condition, or agreement of Lessee contained herein, other than such as are referred to in clause (a) and (b) above, and such failure shall continue for 30 days after the giving of notice thereof by Lessor;

(d) Any representation or warranty of Lessee contained herein or any representation or warranty contained in any document or certificate furnished to Lessor in connection herewith or pursuant hereto shall be untrue or incorrect in any material respect when made;

(e) Lessee shall apply for or consent to the appointment of, or the taking of possession by, a custodian, receiver, trustee or liquidator of itself or a substantial part of its property, shall become insolvent, shall fail or be unable to pay its debts generally as they become due, or shall cease to conduct its business in its ordinary course;

(f) Lessee shall file a voluntary petition in bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any other federal or state bankruptcy, insolvency or other law relating to the relief of debtors, the readjustment, composition or extension of indebtedness or reorganization; file an answer admitting the material allegations of a petition filed against it in a case under Title 11 of the United States Code or in proceedings relating to the relief of debtors, the readjustment, com-

position or extension of indebtedness or reorganization; or take corporate action for the purpose of effecting any of the foregoing;

(g) Without the application, approval or consent of Lessee, a proceeding shall be instituted in any court of competent jurisdiction, seeking in respect of Lessee an order for relief under the aforesaid Title 11, reorganization, dissolution, winding up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a custodian, receiver, trustee or liquidator of Lessee, any substantial part of its property or any of the Units, or other such like relief in respect of Lessee under any bankruptcy, insolvency or other similar law, and the same shall continue undismissed or unstayed for any period of 30 days; or

(h) Any obligation of Lessee for the payment of any final judgment, borrowed money, the deferred purchase price of property or rent under any lease shall not be paid when due and the period of grace, if any, provided with respect thereto shall have elapsed, or any such obligation shall be accelerated, or Lessee shall forfeit its rights in relation to any such obligation;

Lessor shall have the rights set forth in Section 15.2 hereof.

15.2 When any Event of Default has occurred and is continuing, Lessor at its option may:

(a) enforce performance by Lessee of this Lease and recover damages for the breach thereof.

(b) terminate this Lease by giving notice to Lessee, specifying the Event of Default, effective on the date specified in such notice (hereinafter the "Date of Termination"), and on the Date of Termination, this Lease shall expire and terminate and all rights of Lessee under this Lease shall absolutely cease and terminate (but Lessee shall remain liable as herein set forth), and Lessee shall deliver possession of the Units to Lessor in accordance with Section 16 hereof. Upon such termination, Lessor shall have the right to immediate possession of the Units free of any claims of Lessee whatsoever, and Lessor may remove all or any of the Units, whether or not affixed or attached to real or personal property, from the possession of Lessee, its agents and affiliates, at Lessee's sole cost and expense, and for such purpose may enter Lessee's premises, and those of Lessee's agents and affiliates, and may use and employ any supplies, services, means or other facilities of Lessee, its agents and affiliates, with or without process of law, and Lessor shall not be liable for, and shall be held harmless by Lessee from, any damage caused to real or personal property during any such removal. Lessor shall have the right to recover from Lessee any and all amounts which may be due and unpaid or which have accrued to the Date of Termination for the use of the Units (including rents accruing after the Event of Default), and also to recover forthwith from Lessee:

(i) any damages which Lessor shall have sustained by reason of the breach of this Lease, other than for the payment of rent; plus

- (ii) as damages for the loss of a bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (A) an amount equal to the excess of (1) the unpaid balance of all rents provided for in Section 3 of the Schedule discounted at 12.3048% per annum from the dates on which they would have been paid to the Date of Termination, over (2) the present worth at the Date of Termination of the fair rental value of such Units for the period from the Date of Termination to the date on which the term hereof would have expired but for such termination; or (B) an amount equal to the excess, if any, of (3) the Stipulated Loss Value as of the rental payment date preceding the Date of Termination over (4) the amount Lessor reasonably estimates to be the sale value of the Units at such time; provided, however, that if Lessor shall have sold any Unit, Lessor, in lieu of collecting any amounts payable to it by Lessee pursuant to clauses (A) and (B) of this clause (ii) with respect thereto, may, if it shall so elect, demand and Lessee shall pay to Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of (5) the Stipulated Loss Value of such Unit as of the rental payment date preceding the Date of Termination over (6) the net proceeds of such sale; plus
- (iii) interest on the unpaid balance of any amounts payable to Lessor by Lessee pursuant to clause (ii) above at the rate provided in Section 4.2 hereof commencing on the Date of Termination; plus
- (iv) all expenses, costs and commissions (including reasonable attorneys' fees) incurred by Lessor in enforcing its rights hereunder and in taking possession of, overhauling, repairing or modifying the Units determined by Lessor to be required to place such Units in condition suitable for sale, re-lease or use.

15.3 Lessor shall also have the option, upon the occurrence of an Event of Default, whether or not it shall then have possession of the Units, to conclusively establish the fair rental value of the Units at the Date of Termination, for all purposes, by entering into a bona fide lease of the Units with a third party which shall be free from any and all claims at law or in equity of Lessee. If Lessor exercises such option, the present worth at the Date of Termination of the fair rental value of the Units shall be conclusively deemed to be the proceeds of such bona fide lease, to the date on which the term of this Lease would have expired but for termination, discounted at 12.3048% per annum from the

dates such proceeds are to be paid to Lessor thereunder to the Date of Termination.

15.4 Lessor shall also have the option, upon the occurrence of an Event of Default, whether or not it shall have possession of the Units, to sell any or all of the Units at public or private sale, with or without notice to Lessee, advertisement or publication, as Lessor may determine, or may otherwise dispose of the Units, hold the Units idle, or lease the Units to others (for a period greater or lesser than the balance of the term of this Lease in the absence of the termination), all on such terms and conditions as Lessor may determine and all free and clear of any rights of Lessee and of any claim or right of redemption of Lessee in equity, at law or by statute, whether for loss or damage or otherwise.

15.5 Lessor may at its election waive any Event of Default and its consequences and rescind and annul any notice of termination by notice to Lessee in writing to that effect and thereupon the respective rights of the parties shall be as they would have been if no Event of Default had occurred and no such notice had been given. No such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any right or remedy consequent thereto.

15.6 Each and every power and remedy hereby specifically given to Lessor shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any others. No delay or omission of Lessor in the exercise of any such power or remedy and no renewal or extension of time with regard to any payment due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

SECTION 16

RETURN OF UNITS

16.1 If Lessor shall rightfully demand possession of the Units pursuant to Section 15 or at the expiration of the term hereof, Lessee shall forthwith return the Units to Lessor. Accordingly, Lessee shall then:

(a) forthwith, in the usual manner (including, without limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which one or more of the Units have been interchanged or which may have possession thereof to return the Units) and at the usual speed, assemble the Units and place them upon such storage tracks of Lessee as may be designated by Lessor;

(b) permit Lessor to store one or more of the Units on such storage tracks until the earlier of (i) the date such Units are sold, leased or otherwise disposed of by Lessor or (ii) if the term hereof shall have expired, 180 days from such expiration; and

(c) at Lessor's direction, transport all or part of such Units to any place on the lines of railroad operated by Lessee or to any connecting carrier.

The assembling, storing and transporting of the Units as hereinabove provided shall be at the expense and risk of Lessee and are of the essence with respect to this Lease. On application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee to assemble, store and transport the Units. During any storage period, Lessee shall permit Lessor or any person designated by it, including the authorized representatives of any prospective purchaser of any Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination or expiration of this Lease shall belong to Lessor and, if received by Lessee, shall be promptly turned over to Lessor. If any Unit is not assembled as hereinabove provided within 60 days after such termination or expiration, Lessee shall in addition, pay to Lessor for each day after such 60 days an amount equal to the amount, if any, by which the product of: (i) a fraction the numerator of which is the rate set forth in Section 4.2 hereof and the denominator of which is 360; and (ii) the Stipulated Loss Value of such Unit (as of the date 60 days after such termination or expiration) for each such day exceeds the actual earnings received by Lessor on such Unit for each such day. Such payment shall not affect the obligation of Lessee to redeliver the Unit.

Without limiting its obligation under this Section 16.1, Lessee irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Unit to Lessor, to demand and take possession of such Unit in the name and on behalf of Lessee from whomever shall be in possession of such Unit at such time.

16.2 Any Unit delivered to Lessor hereunder shall have all accessories and parts installed thereon as were installed at the commencement of the term of this Lease (or replacements therefor made in accordance with Section 8.2 hereof), shall be equipped with all accessions thereto, and shall be in as good condition, state of repair and appearance as when delivered to Lessee, ordinary wear and tear and changes or alterations as permitted by Section 9.1 hereof excepted. Lessee shall pay for any repairs necessary to restore any Unit to such condition, whether made by Lessee prior to redelivery or by Lessor thereafter. Lessee shall cause the identifying symbol portion of the road number of the Units to be removed as soon as practicable after the assembling of the Units by Lessee.

SECTION 17INSPECTION AND REPORTS

17.1 During the term of this Lease, Lessee shall furnish to Lessor such information concerning the location, condition, use and operation of any Unit as Lessor may reasonably request, shall permit any person designated by Lessor to visit and inspect any Unit and the records maintained in connection therewith, and shall permit Lessor to discuss the status of Lessee's finances and accounts with Lessee's principal officers, all at such reasonable times and as Lessor may request.

17.2 On or before March 31 in each year, commencing with the calendar year 1982, Lessee shall furnish to Lessor and any assignee thereof an accurate statement (a) setting forth as at the preceding December 31 the quantity, type and road numbers of all Units that have been lost, stolen, destroyed, irreparably damaged or seized by governmental authority during the preceding calendar year or are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the location, condition and state of repair of the Units as Lessor and any assignee thereof may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statements, the markings required by Section 7.7 hereof have been preserved or replaced.

17.3 Lessee shall without demand:

(a) Immediately notify Lessor, with respect to each accident relating to the alleged improper construction, functioning or operation of any Unit and involving a claim or estimated damage to persons, property or both in excess of \$25,000, of (i) the time, place and nature of the accident and damage; (ii) the names and addresses of the parties involved, persons injured, witnesses and owners of property damaged and (iii) such other material information as is known by Lessee;

(b) Immediately notify Lessor of all correspondence, papers, notices and documents of any kind received by Lessee in connection with any claim or demand relating to the alleged improper construction, functioning or operation of any Unit, or charging Lessor with liability of any kind, and Lessee shall cooperate with Lessor in the investigation and defense of all such claims and in the recovery of damages from third persons liable therefor; and

(c) Notify Lessor in writing, within ten days after any day on which any tax lien shall attach to any Unit, of the location of any such Unit on such day.

17.4 Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor) any and all reports to be filed by Lessor with any federal, state or other regulatory authority by reason of the ownership by Lessor of the Units or the leasing thereof to Lessee.

SECTION 18MILEAGE

During the term of this Lease, the Lessee shall receive, insofar as applicable law and regulations allow, all per diem and mileage allowances, rentals and other compensation (hereinafter called "Mileage") paid by carriers by reason of their use of any Unit. If Lessor receives any Mileage, then (unless an Event of Default specified in Section 15.1 hereof shall have occurred and be continuing) Lessor shall promptly remit the same to Lessee.

SECTION 19RECORDATION AND FILING

Lessee, at its own expense, shall cause this Lease, including the Acceptance Supplement(s), and any and all additional instruments which shall be executed pursuant hereto, so far as permitted by applicable law or regulations, to be filed and recorded at such times and in such places as Lessor may reasonably request.

SECTION 20ASSIGNMENT BY LESSOR

20.1 Lessee acknowledges and agrees that Lessor shall have the absolute right to transfer or assign to any person, firm, corporation or other entity any or all of Lessor's rights, obligations, benefits and interests under this Lease, including, without limitation, the right to receive rent or any other payment due under this Lease, the right to transfer or assign title to the Units or to transfer or assign the right to purchase all or some of the Units, and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the occurrence of an Event of Default, or to do any and all other things which Lessor is or may become entitled to do under this Lease. Lessee acknowledges that, if Lessor should sell or transfer to a third party all of Lessor's interest under this Lease and in the Units, Lessor shall thereupon be relieved of all of its obligations hereunder and Lessor's transferee shall succeed to all of Lessor's rights, interests and obligations under this Lease as though Lessor's transferee had been the initial lessor hereunder; provided, however, that, in the event of a transfer or assignment of a security interest in the Units, Lessor shall remain liable under this Lease.

20.2 Lessee shall, so long as any assignment of a security interest in the Units may be effective: (a) recognize any such assignment, (b) accept the directions or demands of such assignee in place of those of Lessor, (c) surrender any leased property only to such assignee, (d) pay all rent payable hereunder and do any and all things required of Lessee hereunder, and not terminate this Lease, notwithstanding any default by Lessor or the existence of any other offset as between Lessor and Lessee or the existence of any other liability or obligation arising

hereunder, (e) not require any assignee of this Lease to perform any duty, covenant or condition required to be performed by Lessor under the terms of this Lease, all rights of Lessee in any such connection aforesaid being hereby waived as to any and all such assignees, and (f) execute any documents which Lessor may reasonably request in order to effectuate the foregoing; provided, however, that nothing in this Section 20.2 shall relieve Lessor from its obligations to Lessee hereunder, and any such transfer or assignment shall be subject and subordinate to the terms and provisions of this Lease and the rights and interest of Lessee in the Units hereunder.

20.3 Any assignment, pledge or other conveyance, for security or otherwise, of this Lease by Lessor shall not be effective unless and until Lessee shall have been given notice of such assignment identifying the assignee or transferee of this Lease.

SECTION 21

FINANCIAL AND OTHER INFORMATION

Until all obligations of Lessee under this Lease are fulfilled, Lessee shall furnish to Lessor:

(a) Within 60 days after the end of each fiscal quarter or year, as the case may be, a consolidating and consolidated balance sheet, profit and loss statement, and reconciliation of surplus statement of Lessee and its consolidated subsidiaries, if any, for such quarter or year prepared in accordance with generally accepted accounting principles consistently applied and, in the case of annual statements, audited by Lessee's independent accountants;

(b) Together with the financial statements required by paragraph (a) above, an Officer's Certificate stating that there exists no Event of Default or condition which, with notice or lapse of time or both, would become an Event of Default, or, if any Event of Default or any such condition has occurred, specifying the nature thereof, the period of its existence thereof and what action Lessee proposes to take with respect thereto;

(c) Within five days of the date of their being sent to stockholders or filed with the Securities and Exchange Commission, copies of all financial statements and reports which Lessee shall send to its stockholders and all registration statements, reports and amendments thereto which it is or may be required to file with the Securities and Exchange Commission; and

(d) Such other financial information as Lessor may reasonably request from time to time.

SECTION 22

RIGHT OF LESSOR TO PERFORM

If Lessee shall fail at any time to comply with its covenants here-

in, Lessor may, but shall not be obligated to (a) make advances to perform the same and (b) enter Lessee's premises to take all such action as in Lessor's opinion may be necessary or appropriate therefor. All payments so made by Lessor and all costs and expenses (including attorneys' fees) incurred by Lessor in connection therewith shall be payable by Lessee upon demand as additional rent, with interest thereon from the date(s) of such payments by Lessor until paid by Lessee at the rate set forth in Section 4.2 hereof. No such entry by Lessor shall be deemed an eviction of Lessee or a repossession of the Units, and no such advance, performance or other act shall be deemed to relieve Lessee from any default hereunder.

SECTION 23

MISCELLANEOUS

23.1 Lessee and Lessor shall from time to time do and perform such other and further acts and execute and deliver any and all such other and further instruments as may be required by law or reasonably requested by the other to establish, maintain and protect their respective rights and remedies and to carry out and effect the intents and purposes of this Lease.

23.2 All demands, notices and other communications hereunder shall be in writing, and shall be deemed to have been duly given when personally delivered; when sent, if mailed certified or registered mail, postage prepaid; or when received, if sent by cable or telex, charges prepaid; in each case addressed as follows:

To Lessor: GATX Leasing Corporation
Four Embarcadero Center
San Francisco, California 94111
Attention: Contracts Administration

To Lessee: Bangor and Aroostook Railroad Company
Northern Maine Jct. Pk.
Bangor, Maine 04401
Attention: Vice President - Finance

or addressed to such address as may hereafter be furnished in writing by either party to the other.

23.4 This Lease shall be binding upon and shall inure to the benefit of Lessee, Lessor, and Lessor's successors and assigns.

23.5 The headings of the respective sections hereof are inserted for convenience only and form no part of this Lease.

23.6 This Lease, the Schedule and Acceptance Supplement(s) constitute the entire agreement between the parties hereto. No term or provision of this Lease may be changed, waived, amended or terminated except

by a written agreement signed by both Lessor and Lessee.

23.7 Lessee's obligations hereunder shall survive the expiration or termination of this Lease and any renewals hereof to the extent required for full performance and satisfaction thereof.

23.8 This Lease may be executed in counterparts. Only the counterpart marked "Lessor's Copy" shall evidence a monetary obligation of Lessee.

23.9 This Lease shall be governed by and construed in accordance with the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. §11303.

23.10 If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable. To the extent permitted by applicable law, the parties hereto hereby waive any provision of law which renders any term or provision hereof invalid or unenforceable in any respect.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective duly authorized officers as of the date first above written.

(Corporate Seal)

Attest:

By

Title

Asst. Secy.

GATX LEASING CORPORATION

By

Title

Vice President

LESSOR

(Corporate Seal)

Attest:

By

Title

Asst. Clk.

BANGOR AND AROOSTOOK RAILROAD
COMPANY

By

Title

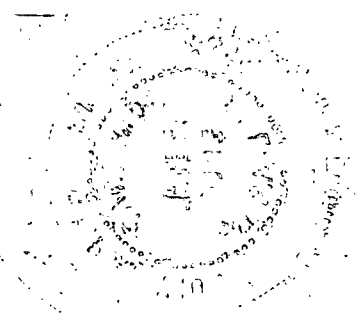
President

LESSEE

TO THE HONORABLE
MEMBERS OF THE
HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.

IN SENATE
JANUARY 11, 1953

REPORT OF THE
COMMISSIONER OF THE
BUREAU OF REVENUE
ON THE
REVENUE ACCOUNTS FOR THE
FISCAL YEAR 1952



U.S. GOVERNMENT PRINTING OFFICE
1953

SCHEDULE1. Description and Estimated Cost of Units

<u>Quantity</u>	<u>Type</u>	<u>Manufacturer</u>	<u>Road Numbers</u>	<u>Estimated Lessor's Cost Per Unit</u>
75	70-ton Boxcars	Berwick Forge and Fabricat- ing Division of Whittaker Corporation	5600 through 5674, inclusive	\$37,200

2. Term

The lease term for each Unit shall commence on its Delivery Date and shall expire on October 1, 1996.

3. Rent

Commencing on October 1, 1981, the monthly rent for each Unit shall be equal to 1.20489% of the Lessor's Cost of such Unit, and such rent shall be paid by Lessee in one hundred eighty (180) consecutive installments, in advance. From its Delivery Date until October 1, 1981, the rent for each Unit shall be equal to the product of (a) the daily equivalent of the monthly rental rate (assuming 30-day months) and (b) the actual number of days between such dates, including the Delivery Date, and such rent shall be paid by Lessee on October 1, 1981.

The foregoing rents were calculated on the assumption that the Units will have a weighted average Delivery Date of and be settled for on September 1, 1981. If either of the foregoing assumptions proves to be incorrect, Lessor may adjust rents and Stipulated Loss Values to maintain its after-tax rate of return and after-tax cash flow.

4. Stipulated Loss Values

The Stipulated Loss Value payable by Lessee pursuant to Section 11.2 of the Lease shall be that percentage of Lessor's Cost of the affected Unit(s) set forth in the following table opposite the rental payment date next following the event giving rise to Lessee's obligation to pay Stipulated Loss Value. Stipulated Loss Values and rents shall be prorated.

Rental
Payment Date

Stipulated Loss Value
as a Percentage of
Lessor's Cost

10/ 1/1981	103.196 %
11/ 1/1981	103.621 %
12/ 1/1981	104.039 %
1/ 1/1982	104.415 %
2/ 1/1982	104.784 %
3/ 1/1982	105.147 %
4/ 1/1982	105.493 %
5/ 1/1982	105.821 %
6/ 1/1982	106.141 %
7/ 1/1982	106.433 %
8/ 1/1982	106.777 %
9/ 1/1982	107.055 %
10/ 1/1982	107.314 %
11/ 1/1982	107.564 %
12/ 1/1982	107.807 %
1/ 1/1983	108.030 %
2/ 1/1983	108.245 %
3/ 1/1983	108.452 %
4/ 1/1983	108.644 %
5/ 1/1983	108.818 %
6/ 1/1983	108.983 %
7/ 1/1983	109.123 %
8/ 1/1983	109.315 %
9/ 1/1983	109.439 %
10/ 1/1983	109.543 %
11/ 1/1983	109.638 %
12/ 1/1983	109.725 %
1/ 1/1984	109.791 %
2/ 1/1984	109.848 %
3/ 1/1984	109.896 %
4/ 1/1984	109.930 %
5/ 1/1984	109.943 %
6/ 1/1984	109.946 %
7/ 1/1984	109.923 %
8/ 1/1984	109.951 %
9/ 1/1984	109.909 %
10/ 1/1984	109.846 %
11/ 1/1984	109.773 %
12/ 1/1984	109.690 %
1/ 1/1985	109.585 %
2/ 1/1985	109.470 %
3/ 1/1985	109.344 %
4/ 1/1985	109.202 %
5/ 1/1985	109.039 %
6/ 1/1985	108.862 %
7/ 1/1985	108.660 %
8/ 1/1985	108.505 %
9/ 1/1985	108.291 %
10/ 1/1985	108.033 %
11/ 1/1985	107.774 %
12/ 1/1985	107.503 %
1/ 1/1986	107.209 %
2/ 1/1986	106.903 %
3/ 1/1986	106.584 %

<u>Rental Payment Date</u>	<u>Stipulated Loss Value as a Percentage of Lessor's Cost</u>
4/ 1/1986	106.248 %
5/ 1/1986	105.922 %
6/ 1/1986	105.583 %
7/ 1/1986	105.250 %
8/ 1/1986	104.965 %
9/ 1/1986	104.608 %
10/ 1/1986	104.261 %
11/ 1/1986	103.901 %
12/ 1/1986	103.529 %
1/ 1/1987	103.167 %
2/ 1/1987	102.793 %
3/ 1/1987	102.405 %
4/ 1/1987	102.016 %
5/ 1/1987	101.637 %
6/ 1/1987	101.246 %
7/ 1/1987	100.874 %
8/ 1/1987	100.553 %
9/ 1/1987	100.159 %
10/ 1/1987	99.774 %
11/ 1/1987	99.377 %
12/ 1/1987	98.966 %
1/ 1/1988	98.566 %
2/ 1/1988	98.151 %
3/ 1/1988	97.725 %
4/ 1/1988	97.296 %
5/ 1/1988	96.878 %
6/ 1/1988	96.446 %
7/ 1/1988	96.035 %
8/ 1/1988	95.672 %
9/ 1/1988	95.236 %
10/ 1/1988	94.810 %
11/ 1/1988	94.370 %
12/ 1/1988	93.917 %
1/ 1/1989	93.474 %
2/ 1/1989	93.017 %
3/ 1/1989	92.547 %
4/ 1/1989	92.074 %
5/ 1/1989	91.612 %
6/ 1/1989	91.135 %
7/ 1/1989	90.680 %
8/ 1/1989	90.271 %
9/ 1/1989	89.789 %
10/ 1/1989	89.317 %
11/ 1/1989	88.831 %
12/ 1/1989	88.331 %
1/ 1/1990	87.840 %
2/ 1/1990	87.336 %
3/ 1/1990	86.817 %
4/ 1/1990	86.296 %
5/ 1/1990	85.784 %
6/ 1/1990	85.259 %
7/ 1/1990	84.753 %
8/ 1/1990	84.294 %
9/ 1/1990	83.762 %
10/ 1/1990	83.239 %

<u>Rental Payment Date</u>	<u>Stipulated Loss Value as a Percentage of Lessor's Cost</u>
11/ 1/1990	82.701 %
12/ 1/1990	82.149 %
1/ 1/1991	81.607 %
2/ 1/1991	81.049 %
3/ 1/1991	80.478 %
4/ 1/1991	79.903 %
5/ 1/1991	79.337 %
6/ 1/1991	78.756 %
7/ 1/1991	78.196 %
8/ 1/1991	77.681 %
9/ 1/1991	77.093 %
10/ 1/1991	76.513 %
11/ 1/1991	75.919 %
12/ 1/1991	75.310 %
1/ 1/1992	74.709 %
2/ 1/1992	74.093 %
3/ 1/1992	73.463 %
4/ 1/1992	72.828 %
5/ 1/1992	72.203 %
6/ 1/1992	71.562 %
7/ 1/1992	70.941 %
8/ 1/1992	70.365 %
9/ 1/1992	69.714 %
10/ 1/1992	69.072 %
11/ 1/1992	68.415 %
12/ 1/1992	67.742 %
1/ 1/1993	67.077 %
2/ 1/1993	66.397 %
3/ 1/1993	65.701 %
4/ 1/1993	65.001 %
5/ 1/1993	64.309 %
6/ 1/1993	63.601 %
7/ 1/1993	62.912 %
8/ 1/1993	62.268 %
9/ 1/1993	61.549 %
10/ 1/1993	60.838 %
11/ 1/1993	60.111 %
12/ 1/1993	59.368 %
1/ 1/1994	58.632 %
2/ 1/1994	57.890 %
3/ 1/1994	57.112 %
4/ 1/1994	56.340 %
5/ 1/1994	55.574 %
6/ 1/1994	54.792 %
7/ 1/1994	54.029 %
8/ 1/1994	53.310 %
9/ 1/1994	52.515 %
10/ 1/1994	51.728 %
11/ 1/1994	50.923 %
12/ 1/1994	50.102 %
1/ 1/1995	49.288 %
2/ 1/1995	48.457 %
3/ 1/1995	47.609 %

Rental
Payment Date

Stipulated Loss Value
as a Percentage of
Lessor's Cost

4/ 1/1995	46.756 %
5/ 1/1995	45.910 %
6/ 1/1995	45.046 %
7/ 1/1995	44.200 %
8/ 1/1995	43.398 %
9/ 1/1995	42.519 %
10/ 1/1995	41.647 %
11/ 1/1995	40.757 %
12/ 1/1995	39.850 %
1/ 1/1996	38.949 %
2/ 1/1996	38.030 %
3/ 1/1996	37.094 %
4/ 1/1996	36.152 %
5/ 1/1996	35.210 %
6/ 1/1996	34.250 %
7/ 1/1996	33.301 %
8/ 1/1996	32.335 %
9/ 1/1996	31.351 %
10/ 1/1996	30.000 %

Thereafter

*

* If Lessee renews the Lease, the Stipulated Loss Value during any extended term shall be an amount equal to the fair market value of such Units as at the end of the applicable initial lease term, as reasonably determined by Lessor, or in the event of disagreement between Lessor and Lessee, to be determined by the independent appraiser selected under the provisions of Paragraph 6 hereof; provided, however, that such Stipulated Loss Value shall not be less than 30% of Lessor's Cost of the Units.

5. Insurance

To the extent Lessee does not elect to self-insure as permitted by Section 10.1 of the Lease, the insurance to be obtained by Lessee pursuant to such section shall not provide for a deductible or self-insured exposure in excess of \$10,000.

To the extent Lessee does not elect to self-insure as permitted by Section 10.2 of the Lease, the amounts of comprehensive general public liability insurance coverage required by such section shall be as follows:

(a) Primary coverage of not less than \$500,000 (five hundred thousand dollars) per occurrence covering each of the risks of bodily injury or property damage or products liability; and

(b) Excess or umbrella coverage of not less than \$15,000,000 (fifteen million dollars) per occurrence.

6. Options

(a) Lessee's Option to Renew: Unless the Lease shall have been terminated or an Event of Default or a condition which, upon notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing, Lessee may elect to renew the Lease with respect to all, but not less than all, of the Units for a mutually agreeable period consistent with Section 168(f)(8)(B)(iii) of the Code for a rent equal to the "Fair Market Rental" of such Units for such additional period, which rent shall be paid monthly in advance. This option must be exercised by written notice delivered to Lessor not more than 180 days and not less than 120 days prior to the end of the initial lease term of the Units which are subject to the first Acceptance Supplement.

(b) Determination of Fair Market Rental: Fair Market Rental shall be determined on the basis of and shall be equal in amount to the value which would obtain in an arm's-length transaction between an informed and willing lessee-user and an informed and willing lessor under no compulsion to lease, on the assumption that the Units are free and clear of all liens and encumbrances, and in the condition required upon the return of the Units under Section 16 of the Lease. In such determination, costs of removal from the location of current use shall not be a deduction from such value. If Lessor and Lessee are unable to agree on the Fair Market Rental of the Units within 20 days after notice of exercise of the option provided above has been received by Lessor, such value shall be determined in accordance with the foregoing definition by a qualified independent appraiser mutually agreeable to Lessor and Lessee, or failing such agreement, by Marshall and Stevens Incorporated, Los Angeles, California, or its successors. Such appraiser shall be furnished with a copy of the Lease and this Schedule and be instructed to deliver its determination in writing to Lessor and Lessee within 20 days following appointment. Lessee and Lessor shall share the fees and expenses of such appraiser equally.

(c) Lessee's Right of First Offer: Unless the Lease shall have been terminated or an Event of Default or a condition which, upon notice or lapse of time or both, would constitute an Event of Default shall have occurred and be continuing at the end of the initial lease term, Lessor shall not, within 90 days after the end of the initial lease term, sell the Units unless:

(i) Lessor shall have given Lessee notice offering to sell the Units to Lessee upon the terms and conditions set forth in such notice; and

(ii) Lessee shall not have notified Lessor, within 20 days following the giving of such notice, of its election to purchase the Units upon the terms and conditions set forth in such notice.

Notwithstanding the foregoing provisions hereof, Lessor may, if Lessee has not renewed this Lease pursuant to Subsection (a) above, lease the Units at any time after the end of the initial lease term

or any renewal term, as the case may be, without first offering to lease the Units to Lessee.]

(d) Warranties: The purchase of the Units by Lessee pursuant to its right of first offer herein shall be "as is, where is", without recourse to or any warranty by Lessor, other than a warranty that the Units are free and clear of liens and encumbrances resulting from acts of Lessor.

Acceptance Supplement No. _____

Delivery Date: _____, 19__

This Acceptance Supplement is executed pursuant to the Lease of Railroad Equipment, dated as of August 1, 1981 (the "Lease"), between GATX Leasing Corporation and the Bangor and Aroostook Railroad Company.

The terms used herein shall have the meanings given to such terms in the Lease.

Lessee represents and warrants that (i) all the Units described in Annex A attached hereto have been delivered to Lessee as of this date; (ii) said Units are fully assembled and conform to all applicable performance criteria, and (iii) upon Lessor's payment in full of the Lessor's Cost set forth below, Lessor shall have good title to the Units free and clear of all liens of mechanics, laborers, materialmen and suppliers.

Lessee certifies that (i) the requirements of the Lease with respect to the identification of the Units have been met; (ii) the representations and warranties in Section 6 of the Lease are true as of this date; and (iii) there exists no Event of Default or condition which, with notice or lapse of time or both, would become an Event of Default.

Lessee confirms that on the date hereof (i) all of the Units described in Annex A attached hereto were duly accepted by Lessee and became subject to the Lease; (ii) the term of the Lease with respect to said Units commenced; and (iii) Lessee became obligated to pay to Lessor rent as provided in the Lease and the Schedule.

The total Lessor's Cost of the Units subject to this Acceptance Supplement is \$ _____.

(Corporate Seal)

BANGOR AND AROOSTOOK RAILROAD
COMPANY

Attest:

By _____

Title _____

By _____

Title _____

Delivery Date: _____

Annex A to Acceptance Supplement No. ____
to Lease of Railroad Equipment
dated as of August 1, 1981
between
GATX Leasing Corporation
and
Bangor and Aroostook Railroad Company

<u>Quantity</u>	<u>Type</u>	<u>Manufacturer</u>	<u>Road Number(s)</u>	<u>Lessor's Cost of Unit(s)</u>
-----------------	-------------	---------------------	-----------------------	-------------------------------------

Total Lessor's Cost of
all Units Subject to
this Acceptance Supple-
ment \$ _____

PURCHASE ORDER ASSIGNMENT

This PURCHASE ORDER ASSIGNMENT, dated as of August 1, 1981 (this "Assignment"), between the Bangor and Aroostook Railroad Company ("Assignor") and GATX Leasing Corporation ("Assignee");

W I T N E S S E T H :

WHEREAS, Assignor has submitted its Purchase Order No. 92628, dated June 2, 1981 (the "Purchase Order"), to Berwick Forge and Fabricating Division of Whittaker Corporation ("Vendor") concerning one hundred fifty (150) 70-ton boxcars;

WHEREAS, Assignor and Assignee have entered into a Lease of Railroad Equipment, dated as of August 1, 1981 (the "Lease"), pursuant to which Assignee, as lessor, shall lease seventy-five (75) of such boxcars (the "Units") to Assignor, as lessee;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

1. Assignor does hereby sell, assign, transfer and set over unto Assignee, all of Assignor's rights to and interests in the Purchase Order as and to the extent that the same relates to the Units. The assignment herein shall include, without limitation, the right of Assignee to purchase the Units pursuant to the Purchase Order and to take title to the Units, all claims for damages in respect of the Units arising as a result of any default by Vendor under the Purchase Order, together with any and all rights of Assignor to compel performance of the terms of the Purchase Order in respect of the Units.

2. The exercise by Assignee of any of the rights assigned hereunder shall not release Assignor from any of its duties or obligations to Vendor under the Purchase Order except to the extent that such exercise by Assignee shall constitute performance of such duties and obligations.

3. Upon satisfaction of the conditions set forth in Section 3 of the Lease with respect to a Unit, Assignee shall purchase such Unit by paying or causing to be paid, by check mailed or delivered to Vendor, on such date or thereafter as permitted by Vendor, an amount equal to the purchase price of the Unit, as such amount may be adjusted in accordance with the terms of the Purchase Order and invoiced by Vendor to Assignee on or before the date of delivery and acceptance of the Unit.

4. Assignor agrees that it will, at any time and from time to time, upon the written consent of Assignee, promptly and duly exercise and deliver any and all such further instruments and documents and take such further action as Assignee may reasonably request in order that Assignee may obtain the full benefits of this Agreement and of the rights and powers herein granted.

5. Assignor does hereby represent and warrant that the Purchase Or-

der is in full force and effect and that Assignor is not in default thereunder. Assignor does hereby further represent and warrant that Assignor has not assigned or pledged, and so long as this Assignment shall remain in effect, will not assign or pledge, the whole or any part of the rights hereby assigned or any of its rights with respect to the Units under the Purchase Order to anyone other than Assignee.

IN WITNESS WHEREOF, the parties hereto have caused this Purchase Order Assignment to be duly executed as of the day and year first above written.

BANGOR AND AROOSTOOK RAILROAD
COMPANY

By _____

Title _____

GATX LEASING CORPORATION

By _____

Title _____

GENERAL ELECTION UNDER SECTION 48(d)
OF THE INTERNAL REVENUE CODE

Pursuant to Section 48(d) of the Internal Revenue Code (the "Code"), GATX LEASING CORPORATION, the lessor of the tangible personal property described below ("Lessor"), hereby irrevocably elects to treat BANGOR AND AROOSTOOK RAILROAD COMPANY, the lessee of such property ("Lessee"), as the purchaser thereof for the purpose of the credit allowed by Section 38 of the Code.

Lessor's Address: Four Embarcadero Center
San Francisco, CA 94111

Lessor's Taxpayer Identification Number: 94-1661392

Lessee's Address: Northern Maine Jct. Pk.
Bangor, ME 04401

Lessee's Taxpayer Identification Number: 01-6000654

Description of the property with respect to which this election pertains:

75 Berwick 70-ton Boxcars bearing road numbers
5600 through 5674, inclusive.

Date on which possession of such property was transferred to Lessee:

Amount for which Lessee is treated as having acquired such property:

\$ _____

Estimated useful life category pertaining to such property:

7 or more years.

Lessor's federal income tax returns are filed with the Internal Revenue Service at Kansas City, Missouri.

Lessee's federal income tax returns are filed with the Internal Revenue

Due Service at Andover, Massachusetts.

GATX LEASING CORPORATION

By _____

Title _____

Agreed To and Accepted this _____ day of _____, 1981.

BANGOR AND AROOSTOOK RAILROAD
COMPANY

By _____

Title _____

State of Maine
County of Penobscot ss.:

On the 21st day of August, 1981, before me personally came W. C. Harris to me known, who, being by me duly sworn, did depose and say that he resides at Glendon, Me; that he is the President of Bangor and Aroostook Railroad Company, the corporation described in and which executed the above Lease of Railroad Equipment; that he knows the corporate seal of said corporation; that the seal affixed to said Lease of Railroad Equipment is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name by like authority.

.....William M. Houston.....
Notary Public

State of New York
County of New York ss.:

On the 19th day of August, 1981, before me personally came Gale L. Soss to me known, who, being by me duly sworn, did depose and say that he resides at Eagle Road Newtown, PA; that he is the Vice President of GATX Leasing Corporation; the corporation described in and which executed the above Lease of Railroad Equipment; that he knows the seal of said corporation; that the seal affixed to said Lease of Railroad Equipment is such seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

.....Gale L. Soss.....
Notary Public

GALE L. SOSS
NOTARY PUBLIC, State of New York
No. 41-4630199
Qualified in Queens County
Commission Expires March 30, 1982